

§ 1446.405

Deputy Administrator only if the Deputy Administrator determines that such transfer will not impair the effective operation of the peanut program.

(3) If the receiving handler:

(i) Has an existing letter of credit, such handler may increase the existing letter of credit to cover the total amount of farmers stock peanuts that is to be transferred. However, any increase must be made within 14 days after the transfer is approved, otherwise any increased letter of credit will not be considered for purposes of determining whether an increase will be required in the next year's letter of credit because of a deficiency in the letter of credit.

(ii) Does not have an existing letter of credit, the transfer shall not be approved unless such handler secures an acceptable letter of credit to cover the amount of farmers stock peanuts that is to be transferred.

(b) *Contract transfer and transfer of delivery obligations to other producers.* If a producer is unable to fully perform the terms of a contract with a handler for the purchase of additional peanuts due to conditions beyond the producer's control or other conditions as may be prescribed by CCC, the handler and the producer or the producer's successor-in-interest may agree to a modification of the contract or to the substitution of another producer either under the original terms of the contract or under modified terms that do not change the original contract price and quantity. Conditions considered to be beyond the producer's control may include, but are not limited to, farm reconstitution in some cases (combinations and divisions), insolvency, bankruptcy, or death but do not include failure to produce the contracted amount from the planted acreage of peanuts due to natural disaster or related conditions or failure to plant sufficient acreage to produce the contracted quantity. Such modifications or transfers of contract obligations shall not be valid without the prior written approval of the Deputy Administrator. A transfer shall be approved only if the Deputy Administrator determines that such modifications or such transfer will not impair the effective operation of the peanut program.

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(c) *County committee approval.* Contract modifications other than changes in producer, owner or operator, or changes permitted by this section, may not be approved by the county committee.

[56 FR 16230, Apr. 19, 1991, as amended at 56 FR 38330, Aug. 13, 1991]

§ 1446.405 Inspection of contract additional peanuts.

The type and quality of each lot of contract additional peanuts delivered under contract shall be determined by the Federal-State Inspection Service when such peanuts are delivered by a producer. To be valid, the inspection results shall be recorded on form FSA-1007 and signed by the inspector.

§ 1446.406 Commingled storage of contract additional peanuts.

(a) *Commingled storage.* A handler may commingle quota loan, quota commercial, additional loan, and contract additional peanuts during storage. In such case the peanuts must be inspected on a farmers stock basis before such peanuts are placed in storage.

(b) *Accounting for commingled peanuts.* Contract additional peanuts in commingled storage shall be accounted for on a:

(1) Dollar value basis under physical supervision.

(2) TKC basis under nonphysical supervision.

§ 1446.407 Handler transfer of contract additional peanuts or transfer of disposition credit.

(a) *Liability and credit for export or crushing.* Except as permitted by this section, a handler shall not:

(1) Sell, assign or otherwise transfer liability for exporting or crushing contract additional peanuts to other handlers, or

(2) Sell, assign, or otherwise transfer credits for exporting or crushing contract additional peanuts to other handlers.

(b) *Transfer of farmers stock contract additional peanuts.* (1) A one-time transfer of farmers stock contract additional peanuts may be made between the entity shown as applicant 1 and the entity shown as applicant 2 on the form FSA-1007 for the peanuts.